Approved for Release: 2021/04/05 C05850276

15 May 1961

MEMORANDUM FOR: Mr. Louis Marengo

SUBJECT: Briefing Documents for Mr. Amory

IRAN TASK FORCE

1. The final draft of the paper was completed late Saturday evening; Sunday was left for reproduction.

2. The paper will closely follow the attached drafts. It will be organized as follows:

Section I - The Need for Action

Section II - Recommendations for Immediate Action

Section III - Recommendations for Further Action

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3 back-up papers -- political, military and economic. (These were all subject to some revision Saturday night.)

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The Intelligence Paper.

3. The members of the Task Force assume responsibility for Sections I, II and III. Although the back-up papers and the intelligence paper were considered in various forms during the week, the final version of each was left to the Working Group originating the paper.

4. Distribution of the final paper will be made today.

JAMES H. CRITCHFIELD
Chief, Near East and
South Asia Division

Attachments - 6

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TO : Mr. Marengo

DATE: 15 May 1961

FROM : [redacted] (b)(3)

SUBJECT: Comment on Iran Task Force Paper [redacted] ILLEGIB

1. We have no problems with the basic judgments or recommendations of this paper -- although somehow they seem to be less crisp than one would have hoped. Certainly, we approve of what appears to be the main message: "Let us get behind Amini and see what we can do to promote evolutionary development in Iran." The following few comments are inspired more by what seem to be loose ends in the paper ~~rather~~ than by significant substantive disagreements.

2. The paper assumes throughout that a military coup would inevitably constitute a rightist conservative reaction. The possibility of a military coup with nationalist participation should not be so thoroughly excluded. Indeed, the nationalists, as such seem to be ignored to a fair degree. Thus, there is considerable emphasis on the need to keep the Shah off Amini's neck; there is little mention of the urban nationalist pressure on Amini. After all, it was this kind of pressure which caused the recent crisis.

3. The Political Back-Up begins with objectives; adds that neither US nor Iran have the instruments to guarantee

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success of these, but concludes that the recommendations of the report have sufficient promise of success to justify their adoption. This seems a rather peculiar way of coming at the problem. However, it does raise a question of interest. NIE 34-61 said that "the nature of Iranian politics and the personal characteristics of the Shah appear to make gradual evolution unlikely." In context, the NIE suggests that change is more likely to be revolutionary. Assume for the moment, the NIE is correct. How sure can we be that the kind of support the paper proposes the US give Amini will swing the balance?

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From [redacted]

(b)(3)

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1. It seems that two points need to be mentioned, or at least stressed more, in this paper. The first is that Iran made quite rapid progress between 1954 (when oil began flowing again) and 1960. GNP increased by about 5% annually, the number of banks and factories more than doubled, and investment rose to about 18 percent of GNP. Thus when Iran encountered difficulty beginning in 1958 it already had four years of progress behind it. The paper gives the impression that the Iranian economy encountered trouble as soon as it began to make some progress, whereas it encountered difficulty only when a sharp rise in private investment was piled on top of the rapid growth of expenditures for public investment, the armed forces, and social services.

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2. Equally as important as the need for foreign aid is the need to modernize the country's economic institutions and practices. A start has already been made along these lines, and it is fortunate that Iran has quite a number of capable people available, concentrated in the Plan Organization, but also in other branches of government, who have not as yet been allowed to use their talents fully. More emphasis might well be placed on this point, as it suggests that there is room for considerable improvement in the management of the economy and a good chance to achieve it if we act wisely.

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Military coup not necessarily rightist or reactionary

A coup would not necessarily lead to chaos

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